



General Assembly

January Session, 2017

***Raised Bill No. 7312***

LCO No. 5463



Referred to Committee on FINANCE, REVENUE AND BONDING

Introduced by:  
(FIN)

***AN ACT CONCERNING THE DEPARTMENT OF REVENUE SERVICES' RECOMMENDATIONS FOR STATE TAXATION AND COLLECTION AND IMPROVING TAX GAP COMPLIANCE.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-39h of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective July 1, 2018*):

3 [Any] Notwithstanding any instructions by the payor to the  
4 contrary, [notwithstanding,] any partial payment against any tax  
5 outstanding shall be applied by the Commissioner of Revenue Services  
6 first to any penalties unless a waiver of penalty has been requested and  
7 approved in accordance with the general statutes, and any amount in  
8 excess of such penalty shall be applied first to [interest on] such tax  
9 and then to the interest on such tax.

10 Sec. 2. Section 12-256 of the general statutes is repealed and the  
11 following is substituted in lieu thereof (*Effective from passage and*  
12 *applicable to all open tax periods*):

13 (a) For purposes of this section, "quarterly period" means a period of  
14 three calendar months commencing on the first day of January, April,  
15 July or October and ending on the last day of March, June, September  
16 or December, respectively.

17 (b) (1) Each person operating a community antenna television  
18 system under chapter 289 or a certified competitive video service  
19 pursuant to sections 16-331e to 16-331o, inclusive, and each person  
20 operating a business that provides one-way transmission to  
21 subscribers of video programming by satellite, shall pay a quarterly  
22 tax upon the gross earnings from [(1)] all sources related to the  
23 operation of such system, service or business in this state, including,  
24 but not limited to, all receipts from or related to the lines, facilities,  
25 apparatus, [and] auxiliary equipment [in this state used for operating a  
26 community antenna television system, or (2) the transmission to  
27 subscribers in this state of video programming by satellite or by a  
28 certified competitive video service provider, as the case may be] and  
29 subscribers in this state. No deduction shall be allowed from such  
30 gross earnings for operations related to commissions, rebates or other  
31 payments, except such refunds as arise from errors or overcharges. For  
32 purposes of this subdivision, receipts from subscribers include, but are  
33 not limited to, all revenues received by a system, service or business  
34 described in this subdivision from sales or rentals of equipment related  
35 to the operation or use of such system, service or business, including,  
36 but not limited to, all charges related to the installation, maintenance  
37 and repair of such equipment.

38 (2) Gross earnings subject to the tax imposed under subdivision (1)  
39 of this subsection shall not include revenues from (A) Internet access  
40 or services delivered exclusively via the Internet, (B) television,  
41 directory or Internet advertising, including, but not limited to, yellow  
42 pages telephone directories, white pages telephone directories, banner  
43 advertisements or electronic publishing advertisements, (C) telephone  
44 services and other forms of two-way audio communication, (D)  
45 information services that provide for the collection, processing and

46 distribution of data other than video, to and from interactive  
47 computer-based systems to meet informational needs, or (E) sales or  
48 rentals of equipment used exclusively for a service excluded from tax  
49 under this subdivision.

50 (3) If charges to a subscriber for services excluded from tax under  
51 subdivision (2) of this subsection are aggregated with and not  
52 separately stated from other subscriber charges that are subject to tax  
53 under subdivision (1) of this subsection, all receipts from such  
54 subscriber shall be subject to such tax unless the person subject to the  
55 tax identifies to the satisfaction of the commissioner, by reasonable and  
56 verifiable standards, the portion of the subscriber charges attributable  
57 to the nontaxable services, based on such person's books and records  
58 kept in the regular course of business.

59 (4) On or before the last day of the month next succeeding each  
60 quarterly period, each such person shall render to the commissioner a  
61 return on forms prescribed or furnished by the commissioner, signed  
62 by the person performing the duties of treasurer or an authorized  
63 agent or officer of the system or service operated by such person,  
64 which return shall include information regarding the name and  
65 location within this state of such system or service and the total  
66 amount of gross earnings derived from such operations and such other  
67 facts as the commissioner may require for the purpose of making any  
68 computation required by this chapter.

69 (c) For purposes of this chapter, a holder of a certificate of cable  
70 franchise authority under section 16-331p, and a community antenna  
71 television company issued a certificate of video franchise authority  
72 under section 16-331e for any service area in which it was not certified  
73 to provide community antenna television service pursuant to section  
74 16-331 on or before October 1, 2007, shall be treated as a person  
75 operating a community antenna television system under chapter 289.

76 Sec. 3. Section 12-258 of the general statutes is repealed and the

77 following is substituted in lieu thereof (*Effective from passage and*  
78 *applicable to all open tax periods*):

79 (a) Each person included in section 12-256, as amended by this act,  
80 shall be taxed upon the amount of [the] such person's gross earnings  
81 subject to the tax imposed under said section, in each quarterly period  
82 [from the lines, facilities, apparatus and auxiliary equipment operated  
83 by it in this state, or from the transmission of video programming by  
84 satellite or by a certified competitive video service provider to  
85 subscribers in this state, as the case may be,] at the rates provided in  
86 this section.

87 (b) Gross earnings for any quarterly period, for the purposes of  
88 assessment and taxation, shall be as follows: (1) In the case of a person  
89 carrying on the business wholly within the limits of this state, the  
90 entire amount of the gross earnings subject to the tax imposed under  
91 section 12-256, [:] as amended by this act; and (2) in the case of a  
92 person also carrying on the business outside of this state, a portion of  
93 the entire amount of the gross earnings subject to the tax imposed  
94 under section 12-256, as amended by this act, apportioned to this state  
95 as follows: [(1)] (A) In the case of a person operating a community  
96 antenna television system, such portion of the total gross earnings  
97 [from the lines, facilities, apparatus and auxiliary equipment operated  
98 by it] subject to tax as is represented by the total number of miles of  
99 lines operated by such person within this state on the first day and on  
100 the last day of such quarterly period to the total number of miles of  
101 lines operated by such person both within and without the state on  
102 [said] such dates; [(2)] (B) in the case of a person operating a business  
103 that provides one-way transmission to subscribers of video  
104 programming by satellite, such portion of the total gross earnings  
105 [from the transmission to subscribers in this state] subject to tax as is  
106 represented by the total number of subscribers served by such person  
107 within this state on the first day and on the last day of such quarterly  
108 period to the total number of subscribers served by such person both  
109 within and without the state on [said] such dates; and [(3)] (C) in the

110 case of a person providing certified competitive video service, such  
111 portion of the total gross earnings [from the transmission to  
112 subscribers in this state] subject to tax as is represented by the total  
113 number of subscribers served by such person within this state on the  
114 first and the last days of such quarterly period to the average of the  
115 total number of subscribers served by such person both within and  
116 without the state on [said] such dates.

117 (c) The rates of tax on the gross earnings as determined in this  
118 section shall be as follows: (1) Persons operating a community antenna  
119 television system or a certified competitive video service, five per cent  
120 of such gross earnings, reduced by any assessments made pursuant to  
121 section 16-49 [which] that are attributable to the year in which such tax  
122 is assessed; and (2) persons operating a business that provides one-  
123 way transmission to subscribers of video programming by satellite,  
124 five per cent of such gross earnings.

125 Sec. 4. Subparagraph (A) of subdivision (20) of subsection (a) of  
126 section 12-701 of the general statutes is repealed and the following is  
127 substituted in lieu thereof (*Effective July 1, 2017, and applicable to taxable*  
128 *years commencing on or after January 1, 2017*):

129 (A) There shall be added thereto (i) to the extent not properly  
130 includable in gross income for federal income tax purposes, any  
131 interest income from obligations issued by or on behalf of any state,  
132 political subdivision thereof, or public instrumentality, state or local  
133 authority, district or similar public entity, exclusive of such income  
134 from obligations issued by or on behalf of the state of Connecticut, any  
135 political subdivision thereof, or public instrumentality, state or local  
136 authority, district or similar public entity created under the laws of the  
137 state of Connecticut and exclusive of any such income with respect to  
138 which taxation by any state is prohibited by federal law, (ii) any  
139 exempt-interest dividends, as defined in Section 852(b)(5) of the  
140 Internal Revenue Code, exclusive of such exempt-interest dividends  
141 derived from obligations issued by or on behalf of the state of

142 Connecticut, any political subdivision thereof, or public  
143 instrumentality, state or local authority, district or similar public entity  
144 created under the laws of the state of Connecticut and exclusive of  
145 such exempt-interest dividends derived from obligations, the income  
146 with respect to which taxation by any state is prohibited by federal  
147 law, (iii) any interest or dividend income on obligations or securities of  
148 any authority, commission or instrumentality of the United States  
149 which federal law exempts from federal income tax but does not  
150 exempt from state income taxes, (iv) to the extent included in gross  
151 income for federal income tax purposes for the taxable year, the total  
152 taxable amount of a lump sum distribution for the taxable year  
153 deductible from such gross income in calculating federal adjusted  
154 gross income, (v) to the extent properly includable in determining the  
155 net gain or loss from the sale or other disposition of capital assets for  
156 federal income tax purposes, any loss from the sale or exchange of  
157 obligations issued by or on behalf of the state of Connecticut, any  
158 political subdivision thereof, or public instrumentality, state or local  
159 authority, district or similar public entity created under the laws of the  
160 state of Connecticut, in the income year such loss was recognized, (vi)  
161 to the extent deductible in determining federal adjusted gross income,  
162 any income taxes imposed by this state, (vii) to the extent deductible in  
163 determining federal adjusted gross income, any interest on  
164 indebtedness incurred or continued to purchase or carry obligations or  
165 securities the interest on which is exempt from tax under this chapter,  
166 (viii) expenses paid or incurred during the taxable year for the  
167 production or collection of income which is exempt from taxation  
168 under this chapter or the management, conservation or maintenance of  
169 property held for the production of such income, and the amortizable  
170 bond premium for the taxable year on any bond the interest on which  
171 is exempt from tax under this chapter to the extent that such expenses  
172 and premiums are deductible in determining federal adjusted gross  
173 income, (ix) for property placed in service after September 10, 2001, but  
174 prior to September 11, 2004, in taxable years ending after September  
175 10, 2001, any additional allowance for depreciation under subsection

176 (k) of Section 168 of the Internal Revenue Code, as provided by Section  
177 101 of the Job Creation and Worker Assistance Act of 2002, to the  
178 extent deductible in determining federal adjusted gross income, (x) to  
179 the extent deductible in determining federal adjusted gross income, the  
180 deduction allowable as qualified domestic production activities  
181 income, pursuant to Section 199 of the Internal Revenue Code, (xi) to  
182 the extent not properly includable in gross income for federal income  
183 tax purposes for the taxable year, any income from the discharge of  
184 indebtedness, in taxable years ending after December 31, 2008, in  
185 connection with any reacquisition, after December 31, 2008, and before  
186 January 1, 2011, of an applicable debt instrument or instruments, as  
187 those terms are defined in Section 108 of the Internal Revenue Code, as  
188 amended by Section 1231 of the American Recovery and Reinvestment  
189 Act of 2009, the inclusion of which income in federal gross income for  
190 the taxable year is deferred, as provided by said Section 1231, [and]  
191 (xii) to the extent not properly includable in gross income for federal  
192 income tax purposes, an amount equal to (I) any distribution from a  
193 manufacturing reinvestment account not used in accordance with  
194 subdivision (3) of subsection (c) of section 32-9zz to the extent that a  
195 contribution to such account was subtracted from federal adjusted  
196 gross income pursuant to clause (xix) of subparagraph (B) of this  
197 subdivision in computing Connecticut adjusted gross income for the  
198 current or a preceding taxable year, and (II) any return of money from  
199 a manufacturing reinvestment account pursuant to subsection (d) of  
200 section 32-9zz to the extent that a contribution to such account was  
201 subtracted from federal adjusted gross income pursuant to clause (xix)  
202 of subparagraph (B) of this subdivision in computing Connecticut  
203 adjusted gross income for the current or a preceding taxable year, and  
204 (xiii) to the extent not properly includable in gross income for federal  
205 income tax purposes, an amount equal to any compensation required  
206 to be recognized under Section 457A of the Internal Revenue Code that  
207 is attributable to services performed within this state.

208 Sec. 5. Subparagraph (H) of subdivision (1) of section 12-408 of the

209 general statutes is repealed and the following is substituted in lieu  
210 thereof (*Effective October 1, 2017, and applicable to sales made on or after*  
211 *October 1, 2017*):

212 (H) (i) With respect to the sale of ~~[(i)]~~ (I) a motor vehicle for a sales  
213 price exceeding fifty thousand dollars, at a rate of seven and three-  
214 fourths per cent on the entire sales price, ~~[(ii)]~~ (II) jewelry, whether real  
215 or imitation, for a sales price exceeding five thousand dollars, at a rate  
216 of seven and three-fourths per cent on the entire sales price, and ~~[(iii)]~~  
217 (III) an article of clothing or footwear intended to be worn on or about  
218 the human body, a handbag, luggage, umbrella, wallet or watch for a  
219 sales price exceeding one thousand dollars, at a rate of seven and  
220 three-fourths per cent on the entire sales price; ~~[.]~~

221 (ii) Notwithstanding the provisions of section 12-431, the gross  
222 receipts from the sale at auction of a motor vehicle with a sales price  
223 exceeding fifty thousand dollars shall be included in the measure of  
224 sales tax due from the retailer of such vehicle, regardless of whether  
225 such retailer is a licensed motor vehicle dealer or licensed motor  
226 vehicle lessor. The exemption set forth in subdivision (60) of section  
227 12-412, as amended by this act, shall not apply to such sale;

228 (iii) For purposes of this subparagraph, "motor vehicle" has the  
229 meaning provided in section 14-1, but does not include a motor vehicle  
230 subject to the provisions of subparagraph (C) of this subdivision, a  
231 motor vehicle having a gross vehicle weight rating over twelve  
232 thousand five hundred pounds, or a motor vehicle having a gross  
233 vehicle weight rating of twelve thousand five hundred pounds or less  
234 that is not used for private passenger purposes, but is designed or  
235 used to transport merchandise, freight or persons in connection with  
236 any business enterprise and issued a commercial registration or more  
237 specific type of registration by the Department of Motor Vehicles;

238 Sec. 6. Subdivision (60) of section 12-412 of the general statutes is  
239 repealed and the following is substituted in lieu thereof (*Effective*

240     October 1, 2017):

241           (60) [The] Except as provided in subparagraph (H)(ii) of subdivision  
242 (1) of section 12-408, as amended by this act, the sale of any motor  
243 vehicle or vessel, as defined in section 15-127, in this state when the  
244 purchaser of such motor vehicle or vessel is not a resident of this state  
245 and does not maintain a permanent place of abode in this state,  
246 provided such motor vehicle or vessel is not presented for registration  
247 with the Department of Motor Vehicles in this state and such  
248 purchaser submits a declaration, prescribed as to form by the  
249 commissioner and bearing notice to the effect that false statements  
250 made in such declaration are punishable, or other evidence as may be  
251 requested by the Commissioner of Revenue Services concerning such  
252 purchaser's residency or place of abode.

253           Sec. 7. Subsection (c) of section 12-409 of the general statutes is  
254 repealed and the following is substituted in lieu thereof (*Effective*  
255 *October 1, 2017*):

256           (c) At the time of making an initial application for a permit, the  
257 applicant shall pay to the Commissioner of Revenue Services a permit  
258 fee of one hundred dollars for each permit. [Any permit issued on or  
259 after July 1, 1985, but prior to October 1, 2003, shall expire biennially  
260 on the anniversary date of the issuance of such permit unless renewed  
261 in accordance with such procedure and application form as prescribed  
262 by the commissioner.] Any permit issued on or after October 1, 2003,  
263 but prior to October 1, 2017, shall expire on the fifth anniversary date  
264 of the issuance of such permit unless renewed in accordance with such  
265 procedure and application form as prescribed by the commissioner.  
266 Any permit issued on or after October 1, 2017, shall expire biennially  
267 on the anniversary date of the issuance of such permit unless renewed  
268 in accordance with such procedure and application form as prescribed  
269 by the commissioner. At the time of making an application for renewal  
270 of a permit, an applicant remitting tax on a monthly or quarterly basis  
271 shall pay to the commissioner a renewal fee of one hundred dollars for

272 each permit. An applicant remitting tax on any other basis shall pay to  
273 the commissioner a renewal fee of fifty dollars for each permit.

274       Sec. 8. Section 12-414 of the general statutes is repealed and the  
275 following is substituted in lieu thereof (*Effective January 1, 2018*):

276       (a) The taxes imposed [by] under this chapter are due and payable  
277 to the commissioner monthly on or before the last day of the month  
278 next succeeding each monthly period, except that (1) every person  
279 whose total tax liability for the twelve-month period ending on the  
280 preceding June thirtieth was less than one thousand dollars shall remit  
281 tax on an annual basis, (2) every person whose total tax liability for the  
282 twelve-month period ending on the preceding June thirtieth was one  
283 thousand dollars or more but less than four thousand dollars shall  
284 remit tax on a quarterly basis, and [(2)] (3) every person described in  
285 subdivision (2) of subsection (e) of this section shall remit tax as  
286 prescribed by the commissioner under said subdivision (2).  
287 ["Quarterly"] For purposes of this section, "quarterly" means a period  
288 of three calendar months commencing on the first day of January,  
289 April, July or October of each year or, if any seller commences business  
290 on a date other than the first day of January, April, July or October, a  
291 period beginning on the date of commencement of business and  
292 ending on March thirty-first, June thirtieth, September thirtieth or  
293 December thirty-first, respectively.

294       (b) (1) On or before the last day of the month following each  
295 monthly or quarterly period, as the case may be, or on the date or  
296 dates prescribed by the commissioner under subsection (e) of this  
297 section, a return for the preceding period shall be filed with the  
298 commissioner in such form as the commissioner may prescribe. An  
299 annual return shall be filed on or before January thirty-first and shall  
300 report sales for the previous calendar year.

301       (2) For purposes of the sales tax, a return shall be filed by every  
302 seller. For purposes of the use tax, a return shall be filed by every

303 retailer engaged in business in the state and by every person  
304 purchasing services or tangible personal property, the storage,  
305 acceptance, consumption or other use of which is subject to the use tax,  
306 who has not paid the use tax due a retailer required to collect the tax,  
307 except that every person making such purchases for personal use or  
308 consumption in this state, and not for use or consumption in carrying  
309 on a trade, occupation, business or profession, need file only one use  
310 tax return covering purchases during a calendar year. Such return shall  
311 be filed and the tax due thereon paid on or before the fifteenth day of  
312 the fourth month succeeding the end of the calendar year for which  
313 such return is filed. Returns shall be signed by the person required to  
314 file the return or by his or her authorized agent but need not be  
315 verified by oath, provided a return required to be filed by a  
316 corporation shall be signed by an officer of such corporation.

317 (c) For purposes of the sales tax, the return shall show the gross  
318 receipts of the seller during the preceding reporting period. For  
319 purposes of the use tax, (1) in case of a return filed by a retailer, the  
320 return shall show the total sales price of the services or property sold  
321 by the retailer, the storage, acceptance, consumption or other use of  
322 which became subject to the use tax during the preceding reporting  
323 period, [;] and (2) in case of a return filed by a purchaser, the return  
324 shall show the total sales price of the service or property purchased by  
325 the purchaser, the storage, acceptance, consumption or other use of  
326 which became subject to the use tax during the preceding reporting  
327 period. The return shall also show the amount of the taxes for the  
328 period covered by the return in such manner as the commissioner may  
329 require and such other information as the commissioner deems  
330 necessary for the proper administration of this chapter. The  
331 Commissioner of Revenue Services is authorized in his or her  
332 discretion, for purposes of expediency, to permit returns to be filed in  
333 an alternative form wherein the person filing the return may elect to  
334 report his or her gross receipts, including the tax reimbursement to be  
335 collected as provided for in this section, as a part of such gross receipts

336 or to report his or her gross receipts exclusive of the tax collected in  
337 such cases where the gross receipts from sales have been segregated  
338 from tax collections. In the case of the former, the percentage of such  
339 tax-included gross receipts that may be considered to be the gross  
340 receipts from sales exclusive of the taxes collected thereon shall be  
341 computed by dividing the numeral one by the sum of the rate of tax  
342 provided in section 12-408, as amended by this act, expressed as a  
343 decimal, and the numeral one.

344 (d) Returns, together with the amount of the tax due thereon, shall  
345 be filed with the Commissioner of Revenue Services.

346 (e) (1) The commissioner, if he or she deems it necessary in order to  
347 ~~[insure]~~ ensure payment to or facilitate the collection by the state of the  
348 amount of taxes, may permit or require returns and payment of the  
349 amount of taxes for other than monthly or quarterly periods.

350 (2) (A) For purposes of this subdivision, "weekly period" means the  
351 seven-day period beginning on a Saturday and ending the following  
352 Friday. The commissioner may require any person who is delinquent,  
353 as described in section 12-7a, to remit the tax collected during a weekly  
354 period on a weekly basis. Any person who is required to remit tax for a  
355 weekly period shall remit such tax to the commissioner on or before  
356 the Wednesday next succeeding the weekly period and shall do so in  
357 the manner and method prescribed ~~[by the commissioner]~~ in  
358 subparagraph (B) of this subdivision.

359 (B) The requirement to remit tax on a weekly basis shall not alter a  
360 person's obligation to file monthly or quarterly returns, as the case  
361 may be, as provided in subsection (b) of this section. To the extent that  
362 the end of one month and the beginning of the following month may  
363 fall within the same weekly period, each person required by the  
364 commissioner to remit tax under ~~[this]~~ subparagraph (A) of this  
365 subdivision shall report all of the tax collected and remitted during  
366 such weekly period, regardless of the month, along with the

367 corresponding gross receipts, on the return covering the monthly  
368 period that ended during such weekly period. Each person obligated  
369 to file monthly or quarterly returns shall file such returns electronically  
370 with the Department of Revenue Services and shall make each weekly  
371 remittance by electronic funds transfer, in accordance with the  
372 provisions of chapter 228g, irrespective of whether the person would  
373 otherwise have been required to file such returns electronically or to  
374 make such remittances by electronic funds transfer under the  
375 provisions of chapter 228g.

376 [(B)] (C) The commissioner shall send a written notice, in  
377 accordance with the provisions of section 12-2f, informing each person  
378 required to remit tax on a weekly basis pursuant to this subdivision of  
379 such requirement. [Any person so required shall remit tax on a weekly  
380 basis for a period of one year commencing from the date set forth in  
381 such notice. Such notice shall also contain information regarding the  
382 manner and method of such remittal.] Such notice shall include (i) a  
383 statement that such person is required to establish a separate bank  
384 account as set forth in subparagraph (D) of this subdivision unless  
385 such person elects to remit tax through a certified service provider as  
386 set forth in subparagraph (E) of this subdivision, (ii) a form for such  
387 person to make such election, and (iii) a list of all certified service  
388 providers, which, for purposes of this section, means any service  
389 provider certified by the Streamlined Sales Tax Governing Board, and  
390 the contact information for each such provider. A person making such  
391 election shall return the form to the commissioner not later than two  
392 business days after receipt of the form. If a person does not make such  
393 election or fails to return the form in the time period prescribed under  
394 this subparagraph, such person shall establish a separate bank account  
395 and make deposits into such account, in accordance with the  
396 provisions of subparagraph (D) of this subdivision. The election of a  
397 certified service provider or the determination that a person is  
398 required to establish a separate bank account shall be irrevocable and  
399 remain in effect until the commissioner notifies such person that such

400 person is no longer subject to the requirements of this subsection.

401 (D) (i) Each person who elects or is otherwise required to establish a  
402 bank account under subparagraph (C) of this subdivision shall, not  
403 later than thirty days after receiving the notice under said  
404 subparagraph, establish such bank account with a financial institution,  
405 as defined in section 36a-41. Such account shall be separate from any  
406 other bank account of such person and shall be established under the  
407 designation, "(name of person required to establish such account),  
408 Trustee, Special Fund in Trust for the State of Connecticut, Department  
409 of Revenue Services, Under Section 12-408 of the Connecticut General  
410 Statutes". Such person shall provide to the commissioner, upon  
411 request, the name of the financial institution where such account was  
412 established, the account number of such account and any other  
413 information regarding such account that the commissioner may  
414 require.

415 (ii) Upon the establishment of such account, such person shall  
416 deposit into such account the tax collected or received by such person,  
417 not later than two business days after such collection or receipt. The  
418 taxes deposited in such account shall constitute a fund in trust for the  
419 state of Connecticut and deemed to be the property of the state,  
420 payable only to the Department of Revenue Services, and no liens shall  
421 be placed on the taxes deposited in such account. No other funds shall  
422 be deposited into such account for any reason except for maintenance  
423 of the account.

424 (iii) If, without the prior authorization of the commissioner, a  
425 person withdraws funds from such account for any purpose other than  
426 to remit tax due to the commissioner, such person shall be guilty of  
427 larceny, as defined in section 53a-119. Each unauthorized withdrawal  
428 shall constitute a separate offense.

429 (iv) The commissioner may request at any time from a financial  
430 institution an accounting of any bank account established pursuant to

431 clause (i) of this subparagraph that is maintained by such institution.  
432 Not later than two business days after receipt of such request from the  
433 commissioner, the financial institution shall provide an accounting to  
434 the commissioner. If such institution fails to provide such accounting  
435 within the time period prescribed under this clause, the commissioner  
436 shall impose on such institution a civil penalty of one hundred dollars  
437 per day for every day that such accounting is not provided to the  
438 commissioner.

439 (E) If a person elects under subparagraph (C) of this subdivision to  
440 remit tax through a certified service provider, such person shall, not  
441 later than thirty days after making such election, contract with a  
442 certified service provider and begin remitting tax through such  
443 provider. Such person shall provide to the commissioner, upon  
444 request, a copy of the executed contract, a written authorization for the  
445 commissioner to contact the certified service provider regarding such  
446 person and any other information with respect to the arrangement  
447 between such person and such provider that the commissioner may  
448 require. Each certified service provider remitting tax on behalf of any  
449 person required to remit tax for a weekly period shall do so in the  
450 manner and method prescribed in subparagraph (B) of this  
451 subdivision.

452 (F) (i) If any person who elects or is otherwise required to establish a  
453 bank account under subparagraph (C) of this subdivision fails to remit  
454 tax as provided in this subdivision and the commissioner determines  
455 that collection of such tax will be jeopardized by delay, the  
456 commissioner may serve notice on the financial institution where such  
457 bank account was established and withdraw such tax from such  
458 account. Upon receipt of such notice, the financial institution shall  
459 immediately pay to the commissioner the amount of tax requested by  
460 the commissioner and such payment shall be applied toward the  
461 amount of tax due to the commissioner from such person. The  
462 commissioner shall not withdraw from such account any penalty or  
463 interest that may be owed by such person in connection with such tax.

464 Such penalty or interest may be collected by the commissioner in  
465 accordance with the provisions of section 12-35, as amended by this  
466 act, and chapter 906.

467 (ii) If the financial institution fails or refuses to pay to the  
468 commissioner the amount of tax sought by the commissioner pursuant  
469 to clause (i) of this subparagraph, such institution shall be liable to the  
470 commissioner for the amount of tax such institution failed or refused  
471 to pay. The Attorney General may, upon request by the commissioner,  
472 bring an action in the superior court for the judicial district of Hartford  
473 to compel the financial institution to pay the amount of tax requested  
474 by the commissioner. The state shall be entitled to recover interest  
475 from such institution on the amount of tax requested by the  
476 commissioner at the rate of two-thirds of one per cent per month or  
477 fraction thereof, from the date the commissioner served notice on such  
478 institution under clause (i) of this subparagraph. In addition, the state  
479 may seek and the court may impose penalties against the financial  
480 institution for its failure to comply with its obligations under this  
481 clause.

482 (iii) Contemporaneously with the service of notice on the financial  
483 institution, the commissioner shall provide a written notice to the  
484 person who established the bank account pursuant to subparagraph  
485 (D)(i) of this subdivision of such person's right to file a claim with the  
486 commissioner if such account contains funds other than such taxes that  
487 constitute the property of the state. Such notice shall be provided in  
488 person, left at the person's dwelling or usual place of business, sent by  
489 first-class mail to such person's last-known address or sent by  
490 electronic mail or facsimile machine to such person. Such person shall  
491 have ten days after receipt of such notice to file such claim on a form  
492 prescribed by the commissioner. Failure to file a claim within the time  
493 period prescribed shall constitute a waiver of any demand against the  
494 state.

495 (iv) Not later than thirty days after receipt of a claim filed pursuant

496 to clause (iii) of this subparagraph, the commissioner shall determine  
497 whether such claim is valid. If the commissioner determines the claim  
498 is valid, the commissioner shall return to such person only those funds  
499 that are not the property of the state and such funds shall not be  
500 subject to offset by the state. If the commissioner determines the claim  
501 is not valid in whole or in part, the commissioner shall mail a notice of  
502 denial to such person.

503 (v) Not later than seven days after the date of mailing of a notice of  
504 denial, such person may file with the commissioner a written protest of  
505 the denial, setting forth the grounds on which the protest is based. If a  
506 protest is filed, the commissioner shall reconsider the denial. The  
507 commissioner shall mail to such person notice of the commissioner's  
508 determination of reconsideration, setting forth briefly the  
509 commissioner's findings of fact and the basis for the commissioner's  
510 decision in each case decided adversely in whole or in part to such  
511 person.

512 (vi) Any person aggrieved by a determination of the commissioner  
513 under this subsection may appeal to the superior court for the judicial  
514 district of New Britain, in accordance with the provisions of section 4-  
515 183. Such appeal shall not constitute an appeal from the Commissioner  
516 of Revenue Services for purposes of section 4-186.

517 [(C)] (G) (i) Any person who fails to remit tax as provided in this  
518 subdivision shall be subject to all penalties imposed under this chapter,  
519 including revocation of such person's permit.

520 (ii) Any penalty imposed under this subdivision shall not be subject  
521 to waiver.

522 (H) (i) Nothing in this subsection shall affect the rights afforded  
523 under chapter 219 to persons subject to the provisions of this  
524 subsection, including the ability to file a claim for refund under section  
525 12-425.

526       (ii) Except as otherwise provided, no action taken by the  
527       commissioner under this subsection shall constitute collection actions  
528       for purposes of section 12-35, as amended by this act, or chapter 906.

529       (f) Except for returns and payments required to be made under  
530       subdivision (2) of subsection (e) of this section, the commissioner for  
531       good cause may extend the time for making any return and paying any  
532       amount required to be paid under this chapter, if a written request  
533       therefor is filed with the commissioner together with a tentative return  
534       which must be accompanied by a payment of the tax, which shall be  
535       estimated in such tentative return, on or before the last day for filing  
536       the return. Any person to whom an extension is granted shall pay, in  
537       addition to the tax, interest at the rate of one per cent per month or  
538       fraction thereof from the date on which the tax would have been due  
539       without the extension until the date of payment.

540       Sec. 9. Section 12-707 of the general statutes is repealed and the  
541       following is substituted in lieu thereof (*Effective October 1, 2017*):

542       (a) (1) Each employer required to deduct and withhold tax under  
543       this chapter from the wages of employees shall be liable for such tax  
544       and shall file a withholding return as prescribed by the Commissioner  
545       of Revenue Services and pay over to the commissioner, or to a  
546       depository designated by the commissioner, the taxes so required to be  
547       deducted and withheld at the times specified in subsection (b) of this  
548       section.

549       (2) Each payer [of nonpayroll amounts] shall deduct and withhold  
550       tax under this chapter from the nonpayroll amounts of payees, shall be  
551       liable for such tax [,] and shall file a withholding return as prescribed  
552       by the commissioner and pay over to the commissioner, or to a  
553       depository designated by the commissioner, the taxes so required to be  
554       deducted and withheld at the times specified in subsection (b) of this  
555       section.

556       (b) (1) (A) With respect to the tax required to be deducted and

557 withheld under this chapter from wages paid during any calendar year  
558 beginning on or after January 1, 2005, and in accordance with an  
559 annual determination described in subdivision (2) of this subsection,  
560 each employer shall be either a weekly remitter, monthly remitter or  
561 quarterly remitter for the calendar year. If an employer is a weekly  
562 remitter, the employer shall pay over to the commissioner the tax  
563 required to be deducted and withheld under this chapter in  
564 accordance with subdivision (3) of this subsection. If an employer is a  
565 monthly remitter, the employer shall pay over to the commissioner the  
566 tax required to be deducted and withheld under this chapter in  
567 accordance with subdivision (4) of this subsection. If an employer is a  
568 quarterly remitter, the employer shall pay over to the commissioner  
569 the tax required to be deducted and withheld under this chapter in  
570 accordance with subdivision (5) of this subsection. Notwithstanding  
571 any provision of this subsection, if an employer is a household  
572 employer, the employer shall pay over to the commissioner the tax  
573 required to be deducted and withheld under this chapter in  
574 accordance with subdivision (6) of this subsection.

575 (B) With respect to the tax required to be deducted and withheld  
576 under this chapter from nonpayroll amounts paid during any calendar  
577 year beginning on or after January 1, 2005, and in accordance with an  
578 annual determination described in subdivision (2) of this subsection,  
579 each payer shall be either a weekly remitter, monthly remitter or  
580 quarterly remitter for the calendar year. If a payer is a weekly remitter,  
581 the payer shall pay over to the commissioner the tax required to be  
582 deducted and withheld under this chapter in accordance with  
583 subdivision (3) of this subsection. If a payer is a monthly remitter, the  
584 payer shall pay over to the commissioner the tax required to be  
585 deducted and withheld under this chapter in accordance with  
586 subdivision (4) of this subsection. If a payer is a quarterly remitter, the  
587 payer shall pay over to the commissioner the tax required to be  
588 deducted and withheld under this chapter in accordance with  
589 subdivision (5) of this subsection.

590 (2) (A) The annual determination for an employer required to  
591 deduct and withhold tax under this chapter shall be based on the  
592 employer's reported liability for the tax required to be deducted and  
593 withheld under this chapter during the twelve-month look-back  
594 period, provided, if any employer fails timely to file one or more  
595 required withholding tax returns for the four quarterly periods within  
596 the twelve-month look-back period, the commissioner may base the  
597 annual determination for the employer on any information available to  
598 the commissioner. If an employer's reported liability for the tax  
599 required to be deducted and withheld under this chapter during the  
600 twelve-month look-back period was more than ten thousand dollars,  
601 the employer is a weekly remitter for the calendar year next  
602 succeeding such twelve-month period. If an employer's reported  
603 liability for the tax required to be deducted and withheld under this  
604 chapter during the twelve-month look-back period was more than two  
605 thousand dollars but not more than ten thousand dollars, the employer  
606 is a monthly remitter for the calendar year next succeeding such  
607 twelve-month period. If an employer's reported liability for the tax  
608 required to be deducted and withheld under this chapter during the  
609 twelve-month look-back period was two thousand dollars or less, the  
610 employer is a quarterly remitter for the calendar year next succeeding  
611 such twelve-month period. Notwithstanding any provision of this  
612 section, if an employer is a seasonal employer, the annual  
613 determination shall be based on the seasonal employer's reported  
614 liability for the tax required to be deducted and withheld under this  
615 chapter during the twelve-month look-back period multiplied by a  
616 fraction, the numerator of which is four, and the denominator of which  
617 is the number of quarterly periods during such twelve-month period  
618 that the employer paid wages to employees.

619 (B) The annual determination for a payer required to deduct and  
620 withhold tax under this chapter shall be based on the payer's reported  
621 liability for the tax required to be deducted and withheld under this  
622 chapter during the look-back calendar year, provided, if any payer

623 fails timely to file the required withholding tax return for the look-back  
624 calendar year, the commissioner may base the annual determination  
625 for the payer on any information available to the commissioner. If a  
626 payer's reported liability for the tax required to be deducted and  
627 withheld under this chapter during the look-back calendar year was  
628 more than ten thousand dollars, the payer is a weekly remitter for the  
629 calendar year for which the annual determination is being made. If a  
630 payer's reported liability for the tax required to be deducted and  
631 withheld under this chapter during the look-back calendar year was  
632 more than two thousand dollars but not more than ten thousand  
633 dollars, the payer is a monthly remitter for the calendar year for which  
634 the annual determination is being made. If a payer's reported liability  
635 for the tax required to be deducted and withheld under this chapter  
636 during the look-back calendar year was two thousand dollars or less,  
637 the payer is a quarterly remitter for the calendar year for which the  
638 annual determination is being made.

639 (3) (A) An employer that is a weekly remitter shall pay over to the  
640 department the tax required to be deducted and withheld from wages  
641 under this chapter on or before the Wednesday next succeeding the  
642 weekly period during which the wages from which the tax was  
643 required to be deducted and withheld were paid to employees.

644 (B) A payer that is a weekly remitter shall pay over to the  
645 department the tax required to be deducted and withheld from  
646 nonpayroll amounts under this chapter on or before the Wednesday  
647 next succeeding the weekly period during which the nonpayroll  
648 amounts from which the tax was required to be deducted and  
649 withheld were paid to payees.

650 (4) (A) An employer that is a monthly remitter shall pay over to the  
651 department the tax required to be deducted and withheld from wages  
652 under this chapter on or before the fifteenth day of the month next  
653 succeeding the month during which the wages from which the tax was  
654 required to be deducted and withheld were paid to employees.

655 (B) A payer that is a monthly remitter shall pay over to the  
656 department the tax required to be deducted and withheld from  
657 nonpayroll amounts under this chapter on or before the fifteenth day  
658 of the month next succeeding the month during which the nonpayroll  
659 amounts from which the tax was required to be deducted and  
660 withheld were paid to payees.

661 (5) (A) An employer that is a quarterly remitter shall pay over to the  
662 department the tax required to be deducted and withheld from wages  
663 under this chapter on or before the last day of the month next  
664 succeeding the quarterly period during which the wages from which  
665 the tax was required to be deducted and withheld were paid to  
666 employees.

667 (B) A payer that is a quarterly remitter shall pay over to the  
668 department the tax required to be deducted and withheld from  
669 nonpayroll amounts under this chapter on or before the last day of the  
670 month next succeeding the quarterly period during which the  
671 nonpayroll amounts from which the tax was required to be deducted  
672 and withheld were paid to payees.

673 (6) An employer that is a household employer shall pay over to the  
674 department the tax required to be deducted and withheld under this  
675 chapter on or before the April fifteenth next succeeding the calendar  
676 year during which the wages from which the tax was required to be  
677 deducted and withheld were paid to household employees.

678 (c) In the case of an overpayment of tax under this chapter by an  
679 employer, refund or credit shall be made to the employer only to the  
680 extent that the amount of such overpayment was not deducted and  
681 withheld by the employer.

682 (d) The amount of tax required to be deducted and withheld and  
683 paid over to the commissioner under this chapter, when so deducted  
684 and withheld, shall be held to be a special fund in trust for the state.  
685 No employee or other person shall have any right of action against the

686 employer in respect to any moneys deducted and withheld from  
687 wages and paid over to the commissioner in compliance or in intended  
688 compliance with this chapter.

689 (e) (1) If an employer required to deduct and withhold tax under  
690 this chapter from the wages of employees and to pay over to the  
691 commissioner the taxes so required to be deducted and withheld sells  
692 out the employer's business or stock of goods or quits the employer's  
693 business, such employer's successors or assigns shall withhold a  
694 sufficient portion of the purchase price to cover the amount of such  
695 taxes, and any interest and penalties thereon, due and unpaid, as of the  
696 time of such sale or quitting of the business, until the employer  
697 produces a receipt from the commissioner showing that the taxes,  
698 interest and penalties have been paid or a certificate indicating that no  
699 such taxes are due.

700 (2) If the purchaser of a business or stock of goods fails to withhold  
701 a portion of the purchase price as required, the purchaser shall be  
702 personally liable for the payment of the amount required to be  
703 withheld by the purchaser, to the extent of the purchase price, valued  
704 in money. Not later than sixty days after the latest of the dates  
705 specified in subdivision (3) of this subsection, the commissioner shall  
706 either issue a certificate indicating that no taxes are due or mail notice  
707 to the purchaser in the manner provided in section 12-728 of the  
708 amount that must be paid as a condition of issuing the certificate.  
709 Failure of the commissioner to mail the notice shall release the  
710 purchaser from any further obligation to withhold a portion of the  
711 purchase price as provided in this subsection. The period within which  
712 the obligation of the successor may be enforced shall begin when the  
713 employer sells out the employer's business or stock of goods or quits  
714 the business or when the assessment against the employer becomes  
715 final, whichever event occurs later.

716 (3) For purposes of subdivision (2) of this subsection, the latest of  
717 the following dates shall apply:

718 (A) The date that the commissioner receives a written request from  
719 the purchaser for a certificate;

720 (B) The date of the sale or quitting of the business; or

721 (C) The date that the employer's records are made available to the  
722 commissioner for audit.

723 (f) (1) The commissioner may, whenever the commissioner deems it  
724 necessary to ensure compliance with the payment requirements under  
725 this section, require any employer or payer to deposit with the  
726 commissioner such security as the commissioner determines necessary,  
727 provided the amount of such security shall not be greater than six  
728 times the employer's or payer's estimated liability for the prior twelve-  
729 month period or the employer's or payer's liability for the next twelve-  
730 month period, determined in such manner as the commissioner deems  
731 proper. The commissioner may increase or decrease the amount of the  
732 security, subject to the limitation under this subsection.

733 (2) The commissioner may sell the security at public auction if it  
734 becomes necessary to do so to recover any tax or amount required to  
735 be collected or any interest or penalty due. Notice of such sale may be  
736 served personally or by mail upon the person that deposited the  
737 security. If the notice is served by mail, it shall be made in the manner  
738 prescribed for service of notice of a deficiency assessment and shall be  
739 addressed to such person at the person's address as it appears in the  
740 commissioner's records. Security in the form of a bearer bond, issued  
741 by the United States or the state of Connecticut, that has a prevailing  
742 market price may be sold by the commissioner at private sale at a price  
743 not lower than the prevailing market price thereof. Upon any sale, any  
744 surplus above the amounts due shall be returned to the person that  
745 deposited the security.

746 [(f)] (g) As used in this section:

747 (1) "Employer" means an employer, as defined in Section 3401 of the

748 Internal Revenue Code;

749 (2) "Payer" means a person making a payment of nonpayroll  
750 amounts to one or more payees;

751 (3) "Payee" means a person receiving a payment of nonpayroll  
752 amounts from a payer;

753 (4) "Nonpayroll amounts" includes (A) gambling winnings, other  
754 than Connecticut lottery winnings, that are paid to a resident, or to a  
755 person receiving payment on behalf of a resident, and that are subject  
756 to federal income tax withholding; (B) Connecticut lottery winnings  
757 that are required to be reported by the Connecticut Lottery  
758 Corporation to the Internal Revenue Service, whether or not subject to  
759 federal income tax withholding, whether paid to a resident,  
760 nonresident or a part-year resident, and whether paid to an individual,  
761 trust or estate; (C) pension and annuity distributions, where the  
762 recipient is a resident individual and has requested that tax be  
763 deducted and withheld under this chapter; (D) military retired pay,  
764 where the payee is a resident individual and has requested that tax be  
765 deducted and withheld under this chapter; (E) unemployment  
766 compensation, where the recipient has requested that tax be deducted  
767 and withheld under this chapter; and (F) payments made to an athlete  
768 or entertainer, where the payments are not wages for federal income  
769 tax withholding purposes and where the commissioner requires the  
770 payer to deduct and withhold tax under this chapter;

771 (5) "Reported liability" means, in the case of an employer, the  
772 liability for the tax required to be deducted and withheld under this  
773 chapter, as shown on the employer's withholding tax returns for the  
774 four quarterly periods within the twelve-month look-back period, and,  
775 in the case of a payer, the liability for the tax required to be deducted  
776 and withheld under this chapter, as shown on the payer's withholding  
777 tax return for the look-back calendar year;

778 (6) "Twelve-month look-back period" means the twelve-month

779 period that ended on the June thirtieth next preceding the calendar  
780 year for which the annual determination for an employer is made by  
781 the commissioner;

782 (7) "Look-back calendar year" means the calendar year preceding by  
783 two years the calendar year for which the annual determination for a  
784 payer is made by the commissioner;

785 (8) "Seasonal employer" means an employer that regularly in the  
786 same one or more quarterly periods of each calendar year pays no  
787 wages to employees;

788 (9) "Household employee" means an employee whose services of a  
789 household nature in or about a private home of an employer constitute  
790 domestic service in a private home of the employer, as the phrase is  
791 used in Section 3121(a)(7) of the Internal Revenue Code or in  
792 regulations adopted thereunder;

793 (10) "Household employer" means an employer of a household  
794 employee;

795 (11) "Weekly period" means the seven-day period beginning on a  
796 Saturday and ending on the following Friday; and

797 (12) "Quarterly period" means the period of three full months  
798 beginning on the first day of January, April, July or October.

799 Sec. 10. Section 12-705 of the general statutes is repealed and the  
800 following is substituted in lieu thereof (*Effective January 1, 2018*):

801 (a) (1) Each employer, as defined in section 12-707, as amended by  
802 this act, maintaining an office or transacting business within this state  
803 and making payment of any wages taxable under this chapter to a  
804 resident or nonresident individual shall deduct and withhold from  
805 such wages for each payroll period a tax computed in such manner as  
806 to result, so far as practicable, in withholding from the employee's  
807 wages during each calendar year an amount substantially equivalent

808 to the tax reasonably estimated to be due from the employee under this  
809 chapter with respect to the amount of such wages during the calendar  
810 year. The method of determining the amount to be withheld shall be  
811 prescribed by regulations of the Commissioner of Revenue Services  
812 adopted in accordance with chapter 54.

813 (2) Each payer, as defined in section 12-707, as amended by this act,  
814 of pension or annuity distributions, including distributions from an  
815 employer pension, an annuity, profit-sharing, a stock bonus, a deferred  
816 compensation plan, an individual retirement arrangement, an  
817 endowment or a life insurance contract, that (A) maintains an office or  
818 transacts business within this state, and (B) makes payment of any  
819 amounts taxable under this chapter to a resident or nonresident  
820 individual, shall deduct and withhold from the taxable portion of any  
821 such distribution a tax computed in such manner as to result, so far as  
822 practicable, in withholding from the distributions paid during each  
823 calendar year an amount substantially equivalent to the tax reasonably  
824 estimated to be due from the payee, as defined in section 12-707, as  
825 amended by this act, under this chapter with respect to such  
826 distributions during the calendar year. The method of determining the  
827 amount to be withheld shall be the same as the method used by  
828 employers with respect to the payment of wages, except that a lump  
829 sum distribution shall be taxable at the highest marginal rate unless (i)  
830 any portion of the lump sum distribution was previously subject to  
831 tax, or (ii) the lump sum distribution is a rollover that is effected as a  
832 direct trustee-to-trustee transfer. For purposes of this section, "lump  
833 sum distribution" means a payment from a payer to a resident payee of  
834 such payee's entire retirement account balance, exclusive of any other  
835 tax withholding and any administrative charges and fees.

836 (b) The commissioner may, if such action is deemed necessary for  
837 the protection of the revenue and under such regulations as [he] the  
838 commissioner may adopt in accordance with the provisions of chapter  
839 54, require persons other than employers and payers (1) to deduct and  
840 withhold taxes from payments made by such persons to residents of

841 this state, nonresidents and part-year residents, (2) to file a  
842 withholding return as prescribed by the commissioner, and (3) to pay  
843 over to the commissioner, or to a depository designated by the  
844 commissioner, the taxes so required to be deducted and withheld, in  
845 accordance with a schedule established in such regulations.

846 (c) The commissioner may adopt regulations providing for  
847 withholding from (1) remuneration for services performed by an  
848 employee for his or her employer [which] that does not constitute  
849 wages, (2) wages paid to an employee by an employer not maintaining  
850 an office or transacting business within this state, or (3) any other type  
851 of payment with respect to which the commissioner finds that  
852 withholding would be appropriate under the provisions of this chapter  
853 if the employer and the employee, or, in the case of any other type of  
854 payment, the person making and the person receiving such payment,  
855 agree to such withholding. Such agreement shall be made in such form  
856 and manner as the commissioner may [ , by regulation,] prescribe by  
857 regulations adopted in accordance with the provisions of chapter 54.  
858 For purposes of this chapter, remuneration, wages or other payments  
859 with respect to which such an agreement is made shall be regarded as  
860 if they were wages paid to an employee by an employer maintaining  
861 an office or transacting business within this state to the extent that such  
862 remuneration or wages are paid or other payments are made during  
863 the period for which the agreement is in effect.

864 Sec. 11. Section 12-706 of the general statutes is repealed and the  
865 following is substituted in lieu thereof (*Effective January 1, 2018*):

866 (a) The Commissioner of Revenue Services may enter into  
867 agreements with the tax officers of other states, which require income  
868 tax to be withheld from the payment of wages and salaries, so as to  
869 govern the amounts to be withheld from the wages and salaries of  
870 residents of such states under this chapter. Such agreements may  
871 provide for recognition of anticipated tax credits in determining the  
872 amounts to be withheld and, under regulations prescribed in

873 accordance with the provisions of chapter 54 by said commissioner,  
874 may relieve employers in this state from withholding income tax on  
875 wages and salaries paid to nonresident employees. The agreements  
876 authorized by this subsection are subject to the condition that the tax  
877 officers of such other states grant similar treatment to residents of this  
878 state.

879 (b) (1) Each employer required to deduct and withhold tax under  
880 this chapter from the wages of an employee shall furnish to each such  
881 employee with respect to the wages paid by such employer to such  
882 employee during the calendar year, on or before January thirty-first of  
883 the next succeeding year, a written statement as prescribed by the  
884 Commissioner of Revenue Services showing the amount of wages paid  
885 by the employer to the employee, the amount deducted and withheld  
886 as tax [.] and such other information as said commissioner shall  
887 prescribe. Each such employer shall file a copy of such written  
888 statement with the Commissioner of Revenue Services on or before  
889 [said] such January thirty-first date.

890 (2) Each payer and person other than a payer required to deduct  
891 and withhold tax under this chapter from nonpayroll amounts shall  
892 furnish to each payee, as defined in section 12-707, as amended by this  
893 act, with respect to the nonpayroll amounts paid to such payee during  
894 the calendar year, on or before January thirty-first of the next  
895 succeeding year, a written statement as prescribed by said  
896 commissioner showing the amount of nonpayroll amounts paid to the  
897 payee, the amount deducted and withheld as tax and such other  
898 information as said commissioner shall prescribe. Each such payer  
899 shall file a copy of such written statement with said commissioner on  
900 or before such January thirty-first date.

901 (c) [Wages] Amounts upon which tax is required to be withheld  
902 shall be taxable under this chapter as if no withholding were required,  
903 but any amount of tax actually deducted and withheld in any calendar  
904 year shall be deemed to have been paid to said commissioner on behalf

905 of the [person] employee or payee from whom withheld [,] and such  
906 [person] employee or payee shall be credited with having paid that  
907 amount of tax for the taxable year beginning in such calendar year.

908 Sec. 12. Subsection (g) of section 12-707 of the general statutes, as  
909 amended by section 9 of this act, is repealed and the following is  
910 substituted in lieu thereof (*Effective January 1, 2018*):

911 (g) As used in this section and sections 12-705 and 12-706, as  
912 amended by this act:

913 (1) "Employer" means an employer, as defined in Section 3401 of the  
914 Internal Revenue Code;

915 (2) "Payer" means a person making a payment of nonpayroll  
916 amounts to one or more payees;

917 (3) "Payee" means a person receiving a payment of nonpayroll  
918 amounts from a payer;

919 (4) "Nonpayroll amounts" includes (A) gambling winnings, other  
920 than Connecticut lottery winnings, that are paid to a resident, or to a  
921 person receiving payment on behalf of a resident, and that are subject  
922 to federal income tax withholding; (B) Connecticut lottery winnings  
923 that are required to be reported by the Connecticut Lottery  
924 Corporation to the Internal Revenue Service, whether or not subject to  
925 federal income tax withholding, whether paid to a resident,  
926 nonresident or a part-year resident, and whether paid to an individual,  
927 trust or estate; (C) pension and annuity distributions, [where the  
928 recipient is a resident individual and has requested that tax be  
929 deducted and withheld] for which the payer is required to deduct and  
930 withhold tax under this chapter; (D) military retired pay, where the  
931 payee is a resident individual and has requested that tax be deducted  
932 and withheld under this chapter; (E) unemployment compensation,  
933 where the recipient has requested that tax be deducted and withheld  
934 under this chapter; and (F) payments made to an athlete or entertainer,

935 where the payments are not wages for federal income tax withholding  
936 purposes and where the commissioner requires the payer to deduct  
937 and withhold tax under this chapter;

938 (5) "Reported liability" means, in the case of an employer, the  
939 liability for the tax required to be deducted and withheld under this  
940 chapter, as shown on the employer's withholding tax returns for the  
941 four quarterly periods within the twelve-month look-back period, and,  
942 in the case of a payer, the liability for the tax required to be deducted  
943 and withheld under this chapter, as shown on the payer's withholding  
944 tax return for the look-back calendar year;

945 (6) "Twelve-month look-back period" means the twelve-month  
946 period that ended on the June thirtieth next preceding the calendar  
947 year for which the annual determination for an employer is made by  
948 the commissioner;

949 (7) "Look-back calendar year" means the calendar year preceding by  
950 two years the calendar year for which the annual determination for a  
951 payer is made by the commissioner;

952 (8) "Seasonal employer" means an employer that regularly in the  
953 same one or more quarterly periods of each calendar year pays no  
954 wages to employees;

955 (9) "Household employee" means an employee whose services of a  
956 household nature in or about a private home of an employer constitute  
957 domestic service in a private home of the employer, as the phrase is  
958 used in Section 3121(a)(7) of the Internal Revenue Code or in  
959 regulations adopted thereunder;

960 (10) "Household employer" means an employer of a household  
961 employee;

962 (11) "Weekly period" means the seven-day period beginning on a  
963 Saturday and ending on the following Friday; and

964 (12) "Quarterly period" means the period of three full months  
965 beginning on the first day of January, April, July or October.

966 Sec. 13. (NEW) (*Effective July 1, 2017, and applicable to refund claims*  
967 *pending or received on or after July 1, 2017*) Notwithstanding any other  
968 provision of law, no refund shall be made to a person of tax collected  
969 from a customer of such person until the person has established to the  
970 satisfaction of the commissioner that the amount of the tax for which  
971 the refund is being claimed has been repaid to the customer.

972 Sec. 14. (NEW) (*Effective July 1, 2017, and applicable to information*  
973 *returns due for calendar years commencing on or after January 1, 2017*) (a)  
974 For purposes of this section, (1) "payment settlement entity", "third  
975 party settlement organization" and "electronic payment facilitator"  
976 have the same meanings as provided in Section 6050W of the Internal  
977 Revenue Code of 1986, or any subsequent corresponding internal  
978 revenue code of the United States, as amended from time to time, and  
979 (2) "reporting entity" means any payment settlement entity, third party  
980 settlement organization, electronic payment facilitator or other third  
981 party acting on behalf of a payment settlement entity, that processes  
982 reportable payment transactions with respect to a participating payee  
983 located in Connecticut.

984 (b) (1) Each reporting entity shall file with the Department of  
985 Revenue Services, not later than thirty days after the reporting entity  
986 files information returns with the Internal Revenue Service, a duplicate  
987 of all such information returns, in such form and manner as prescribed  
988 by the commissioner.

989 (2) Any reporting entity that fails to file a duplicate information  
990 return required under subdivision (1) of this subsection within the  
991 time prescribed shall be subject to a civil penalty of (A) fifty dollars for  
992 each such failure if the failure is for not more than one month after  
993 such duplicate was required to be filed, and (B) an additional fifty  
994 dollars for each month or fraction thereof during which such failure

995 continues, except the total amount of the penalty imposed on a  
996 reporting entity under this subdivision shall not exceed two hundred  
997 fifty thousand dollars annually. Subject to the provisions of section 12-  
998 3a of the general statutes, the commissioner may waive all or part of  
999 the penalties provided under this subdivision when it is proven to the  
1000 commissioner's satisfaction that the failure to timely file such duplicate  
1001 was due to reasonable cause and was not due to wilful neglect.

1002 Sec. 15. Subsection (b) of section 12-35 of the general statutes is  
1003 repealed and the following is substituted in lieu thereof (*Effective July*  
1004 *1, 2017*):

1005 (b) (1) Any such warrant on any intangible personal property of any  
1006 person may be served by mailing a certified copy of such warrant by  
1007 certified mail, return receipt requested, to any third person in  
1008 possession of, or obligated with respect to, receivables, bank accounts,  
1009 evidences of debt, securities, salaries, wages, commissions,  
1010 compensation or other intangible personal property subject to such  
1011 warrant, ordering such third person to forthwith deliver such property  
1012 or pay the amount due or payable to the state collection agency  
1013 [which] that has made out such warrant, provided such warrant may  
1014 be issued only after the state collection agency making out such  
1015 warrant has notified the person owning such property, in writing, of  
1016 its intention to issue such warrant. The notice of intent shall be: (A)  
1017 Given in person; (B) left at the dwelling or usual place of business of  
1018 such person; or (C) sent by certified mail, return receipt requested, to  
1019 such person's last known address, not less than thirty days before the  
1020 day the warrant is to be issued.

1021 (2) Any such warrant on any intangible personal property of any  
1022 person may be served by electronic mail or facsimile machine on any  
1023 third person in possession of, or obligated with respect to, receivables,  
1024 bank accounts, evidences of debt, securities, salaries, wages,  
1025 commissions, compensation or other intangible personal property  
1026 subject to such warrant, ordering such third person to forthwith

1027 deliver such property or pay the amount due or payable to the state  
1028 collection agency [which] that has made out such warrant, provided  
1029 such warrant may be issued only after the state collection agency  
1030 making out such warrant has notified the person owning such  
1031 property, in writing, of its intention to issue such warrant. The notice  
1032 of intent shall be: (A) Given in person; (B) left at the dwelling or usual  
1033 place of business of such person; or (C) sent by certified mail, return  
1034 receipt requested, to such person's last-known address, not less than  
1035 thirty days before the day the warrant is to be issued. Any such  
1036 warrant for tax due may further include an order to such third person  
1037 to continually deliver, during the one hundred eighty days  
1038 immediately following the date of issuance of the warrant or until the  
1039 tax is fully paid, whichever occurs earlier, all intangible property that  
1040 is due and that becomes due to the person owing the tax. Except as  
1041 otherwise provided in this subdivision, such warrant shall have the  
1042 same force and effect as an execution issued pursuant to chapter 906.

1043       Sec. 16. (NEW) (*Effective October 1, 2017*) (a) For purposes of this  
1044 section, "hosting platform" means a person that offers an Internet web  
1045 site through which (1) hotel or lodging house operators have the  
1046 ability to display available hotel or lodging house rooms to prospective  
1047 guests, (2) such operators and prospective guests have the ability to  
1048 communicate with each other to reach agreement for occupancy of a  
1049 room or rooms, and (3) guests have the ability to pay rent to such  
1050 operator for such occupancy. "Hosting platform" does not include a  
1051 person that advertises accommodations exclusively at a hotel or  
1052 lodging house that holds a permit provided for in section 12-409 of the  
1053 general statutes, as amended by this act.

1054       (b) A hosting platform shall obtain a permit from the Commissioner  
1055 of Revenue Services to collect the tax imposed under subparagraph (B)  
1056 of subdivision (1) of section 12-411 of the general statutes. The hosting  
1057 platform shall collect and remit such tax in the same form and manner  
1058 as if the hosting platform is the hotel or lodging house operator. Any  
1059 person other than a hosting platform may obtain a certificate of

1060 authority from the commissioner to collect such tax, provided such  
 1061 person agrees to collect such tax in accordance with the provisions of  
 1062 subdivision (3) of section 12-411 of the general statutes for occupancy  
 1063 of any room or rooms in a hotel or lodging house located in this state.

1064 (c) If a guest has paid rent to the hosting platform and the hosting  
 1065 platform has collected the tax due on such rent, the hotel or lodging  
 1066 house operator shall not be required to collect the tax imposed under  
 1067 subparagraph (B) of subdivision (1) of section 12-411 of the general  
 1068 statutes.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2018</i>	12-39h
Sec. 2	<i>from passage and applicable to all open tax periods</i>	12-256
Sec. 3	<i>from passage and applicable to all open tax periods</i>	12-258
Sec. 4	<i>July 1, 2017, and applicable to taxable years commencing on or after January 1, 2017</i>	12-701(a)(20)(A)
Sec. 5	<i>October 1, 2017, and applicable to sales made on or after October 1, 2017</i>	12-408(1)(H)
Sec. 6	<i>October 1, 2017</i>	12-412(60)
Sec. 7	<i>October 1, 2017</i>	12-409(c)
Sec. 8	<i>January 1, 2018</i>	12-414
Sec. 9	<i>October 1, 2017</i>	12-707
Sec. 10	<i>January 1, 2018</i>	12-705
Sec. 11	<i>January 1, 2018</i>	12-706
Sec. 12	<i>January 1, 2018</i>	12-707(g)
Sec. 13	<i>July 1, 2017, and applicable to refund claims pending or received on or after July 1, 2017</i>	New section

Sec. 14	<i>July 1, 2017, and applicable to information returns due for calendar years commencing on or after January 1, 2017</i>	New section
Sec. 15	<i>July 1, 2017</i>	12-35(b)
Sec. 16	<i>October 1, 2017</i>	New section

***Statement of Purpose:***

To implement the Department of Revenue Services' recommendations for state taxation and collection and improving tax gap compliance.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*